

City Use Tax Waivers for Exempt Residents

New Information

This memo contains **city** use tax waiver procedures for the use of vehicle industry members that remit use tax **directly** to the Department of Motor Vehicles (DMV), for example, a licensed vehicle registration service submitting a client's private party transfer or a trucking company adding a privately purchased vehicle to its fleet.

Most vehicle industry members (retail sellers) are required to remit use tax on vehicle/vessel sales directly to the Board of Equalization (BOE), and they must continue to do so. If you remit your use tax to BOE, the procedures below are not required.

Procedures

For waiver of city use tax, a resident or a business residing in the unincorporated (city tax exempt) area of a city with special use tax rates must provide, all normal vehicle/vessel transfer requirements and submit **one of the following** documents:

- A Statement of Facts (REG 256) from the customer stating that "at the time the vehicle/vessel was purchased he/she or the business resided at ...(residence address), which is outside of the city limits, and he/she or the business is exempt from the special city use tax imposed on ...(name of city)."

OR

- A letter on city letterhead, which contains the customer's name and a statement that the city use tax is not due for the customer.

OR

- A Certificate of Use Tax Clearance (BOE 111) for the vehicle/vessel from the Board of Equalization.

Background

Registered voters have been approving measures to charge special city sales and use tax since 2002. Some of these increases are designed by legislation to end (such as the city of Clovis's) after a certain period of time. Residents and businesses in the unincorporated areas of cities with special use tax rates are exempt from the city use tax.

The city use tax is determined by city zip codes for the Department of Motor Vehicles Automation (DMVA) system. The **same** zip code may be assigned by the United States Postal Service to **both** the incorporated and the unincorporated (exempt) areas of these cities. Exempt residents and businesses that remit their use tax to DMV may submit one of the documents listed above to clarify their exempt status and have the city use tax waived. Regular use tax is still due unless the vehicle/vessel transfer is otherwise exempt.

Reference

California Vehicle Code, §§4000 (d), 4300.5, 5600, 9928, 38211

California Revenue and Taxation Code, §§6275, 6291, 6294

A sample of recent and upcoming city use tax rate changes is attached for your reference. This is **not** a complete list of city use tax rates, for complete use tax rate information see the Board of Equalization website at the following link,
boe.ca.gov/sutax/pam71.htm

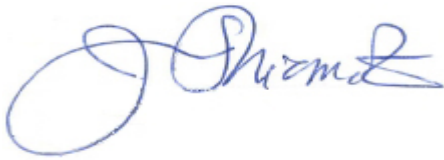
Distribution

Notification that this memo is available online at dmv.ca.gov was made via the E-Mail Alert service in September 2008 to:

- Vehicle Registration Services

Contact

Call the DMV Customer Communications Section at (916) 657-6560 for further clarification of this memo. Upon request, this document can be produced in Braille or large print.

A handwritten signature in blue ink, appearing to read "J Shiimoto". The signature is stylized with a large loop at the beginning and a cursive script for the rest of the name.

JEAN SHIOMOTO, Deputy Director
Communication Programs Division

Attachment

ATTACHMENT

Sale & Use Tax Increases For 2008

Effective when the date of first operation, date fees due, or transfer date is on or after April 1, 2008.

City/County	Zip Code	Current Rate	New Rate
Selma/Fresno	93662	7.975%	8.475%
Delano/Kern	93215 93216	7.25%	8.25%
Hollister/San Benito	95023 95024	7.25%	8.25%
Ceres/Stanislaus	95307	7.375%	7.875%

Effective when the date of first operation, date fees due, or transfer date is on or after July 1, 2008.

City/County	Zip Code	Current Rate	New Rate
El Cerrito/Contra Costa	94530	8.25%	8.75%
Reedley/Fresno	93654	7.975%	8.475%
Sanger/Fresno	93657	7.975%	8.725%
Seaside/Monterey	93955	7.25%	8.25%

Effective when the date of first operation, date fees due, or transfer date is on or after October 1, 2008.

City/County	Zip Code	Current Rate	New Rate
South Gate/Los Angeles/	90280	8.25%	9.25%
Mammoth Lakes/Mono	93546	7.25%	7.75%
Pacific Grove/Monterey	93950	7.25%	8.25%
Pismo Beach/San Luis Obispo	93449	7.25%	7.75%

Sale & Use Tax Decreases For 2008

Effective when the date of first operation, date fees due, or transfer date is on or after October 1, 2008.

City/County	Zip Code	Current Rate	New Rate
Clovis/Fresno	93611 93612 93613 93619	8.275%	7.975%